

ASX ANNOUNCEMENT**12 October 2020**

Petratherm executes Definitive Agreement for the sale of its Victorian Gold Assets

Highlights

- Petratherm to sell its Victorian gold tenements and assets to Canadian listed exploration company, Skarb Exploration Corp.
- Transaction will enable a significant step-up to the Victorian exploration programmes with the Victorian gold assets housed in a focussed Victorian gold exploration company
- Some of the Victorian gold assets (the Glenfine Gold Project) are subject to a joint venture which contains a pre-emption right in favour of the other joint venture parties. Petratherm to receive 100 million Skarb shares as consideration for the assets if the pre-emption right is waived or not exercised, or 50 million Skarb shares if the pre-emption right is exercised
- If the pre-emption right is exercised, Petratherm will receive CAD\$9 million from the other joint venture parties and must subscribe for 20 million Skarb securities at the Skarb capital raising price
- Skarb to be well capitalised and led by Craig Parry, a Canadian based and well-known resources executive in Australia and North America
- The 100 million Skarb shares (if the pre-emption right is waived or not exercised) or 70 million Skarb shares (if the pre-emption right is exercised) will be distributed in-specie to Petratherm's shareholders

As previously announced on 25 August 2020 (ASX Announcement: VIC assets to be vended into Listed Canadian Exploration Co.), Petratherm Limited ("Petratherm" or "the Company") (ASX: PTR) executed a non-binding Letter of Intent to sell the Company's Victorian Gold Project Assets to Skarb Exploration Corp. ("Skarb"), a Canadian mineral exploration company listed on the Canadian Securities Exchange ("CSE") ("Proposed Transaction").

The Company is very pleased to announce a Definitive Agreement has been executed by Petratherm and Skarb.

The Proposed Transaction will see Skarb acquire the Company's gold projects located in Victoria, Australia ("the Project"), comprising of the following assets:

- Yuengroon Gold Project (EL 6897 & ELA 7280)
- Silver Spoon Gold Project (ELA 6951)
- Glenfine Gold Project Farm-In & Joint Venture (EL 5434, EL 5537 & EL 5344)
- Ballarat West Gold Project (ELA 7276)

The Glenfine Gold Project is subject to a joint venture which contains a pre-emption right in favour of the other joint venture parties. In consideration for the Project, the Company will receive 100 million shares in Skarb if the pre-emption right is waived or not exercised, or 50 million Skarb shares if the pre-emption right is exercised.

If the pre-emption right is exercised, Petratherm will receive CAD\$9 million from the other joint venture parties, must subscribe for 20 million Skarb securities on the same terms on which Skarb raises not less than CAD\$4 million from investors prior to completion of the Proposed Transaction, and must pay to Skarb an amount equal to 10% of the value of the gross proceeds received or payable to Petratherm in connection with the exercise of the pre-emption right (CAD\$900,000).

The 100 million Skarb shares (if the pre-emption right is waived or not exercised) or 70 million Skarb shares (if the pre-emption right is exercised) will be distributed in specie to the Company's shareholders "pro rata" in accordance with their shareholdings in Petratherm.

Key Terms

Skarb will acquire the Victorian gold assets and in return issue the Company 100,000,000 shares in Skarb if the pre-emption right is waived or not exercised, or 50 million shares in Skarb if the pre-emption right is exercised ("Consideration Shares").

Within 125 days (the "Distribution Wait Period") after closing of the Proposed Transaction, the Company will distribute (the "Distribution") the Consideration Shares, and the 20 million shares in Skarb to be subscribed for by the Company if the pre-emption right is exercised, in specie to shareholders, pro rata in accordance with their shareholdings in the Company. The Record Date for determining entitlements to these shares in Skarb will be at the end of the Distribution Wait Period.

Key Conditions Precedent

- Skarb completing a private placement for gross proceeds of not less than CAD\$4 million at or prior to closing of the Proposed Transaction;
- The receipt by Skarb of all required regulatory, consents, permits, waivers, exemptions and orders, including but not limited to approval of the CSE;
- The Company obtaining all approvals required by it in connection with the Proposed Transaction under Australian and/or Canadian law including, among other things, approval to distribute the Consideration Shares, and the 20 million shares in Skarb to be subscribed for by the Company if the pre-emption right is exercised, in specie to its shareholders;
- Approval of the Proposed Transaction by the shareholders of Skarb;

- If the pre-emption right is waived or not exercised, the Company obtaining the consent of Cape Clear Minerals Pty Ltd and Predictive Discovery Limited to the assignment to Skarb of the Company's rights and interests under the Mining Farm-In and Joint Venture Agreement in relation to EL 5344, EL 5434 and EL 5537 (Glenfine Gold Project); and
- Other condition precedents customary for a transaction, such as the Proposed Transaction.

Transactions Next Steps

The Company aims to hold a shareholder meeting as soon as possible to seek necessary approvals to finalise the transaction.

For further information, please contact:

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This ASX announcement has been approved by Petratherm's Board of Directors and authorised for release

Competent Persons Statement: The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Peter Reid, who is a Competent Person, and a Member of the Australian Institute of Geoscientists. Mr Reid is not aware of any new information or data that materially affects the historical exploration results included in this report. Mr Reid is an employee of Petratherm Ltd. Mr Reid has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Reid consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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